

**WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
HOWARD, KANSAS**

**FINANCIAL STATEMENT
JUNE 30, 2014**

BFR

BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
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BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

**Board of Education
West Elk Unified School District No. 282
Howard, Kansas**

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **West Elk Unified School District No. 282, Howard, Kansas**, as of and for the year ended **June 30, 2014** and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Education
West Elk Unified School District No. 282

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 1 of the financial statement, the financial statement is prepared by **West Elk Unified School District No. 282, Howard, Kansas**, to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **West Elk Unified School District No. 282, Howard, Kansas**, as of **June 30, 2014**, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **West Elk Unified School District No. 282, Howard, Kansas**, as of **June 30, 2014**, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual, agency funds schedules of regulatory basis cash receipts and disbursements and district activity funds schedules of regulatory basis cash receipts, expenditures and unencumbered cash (Regulatory-Required Supplementary Information as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement.

**Board of Education
West Elk Unified School District No. 282**

The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

The 2013 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual (as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2013 basic financial statement upon which we rendered an unmodified opinion dated January 2, 2014. The 2013 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such 2013 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 basic financial statement. The 2013 comparative information was subjected to the auditing procedures applied in the audit of the 2013 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2013 basic financial statement or to the 2013 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 comparative information is fairly stated in all material respects in relation to the 2013 basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2014, on our consideration of **West Elk Unified School District No. 282, Howard, Kansas**, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **West Elk Unified School District No. 282, Howard, Kansas** internal control over financial reporting and compliance.

Busby Ford & Reimer, LLC

Busby Ford & Reimer, LLC
November 3, 2014

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SUMMARY OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add		Ending Cash Balance
						Encumbrances and Accounts Payable		
General Fund	\$ 5	\$ 562	\$ 3,000,845	\$ 3,001,412	\$ 0	\$ 34,191	\$ 0	\$ 34,191
Special Purpose Funds								
Supplemental General	34,376	9	926,457	928,589	32,253	37,971	0	70,224
At Risk (4 Year Old)	0	0	11,514	11,514	0	0	0	0
At Risk (K-12)	76,823	0	339,279	393,823	22,279	22	22	22,301
Capital Outlay	1,021,563	0	180,361	215,376	986,548	385	986,933	986,933
Driver Training	5,144	0	4,787	5,268	4,663	0	4,663	4,663
Food Service	65,973	0	187,793	192,071	61,695	419	62,114	62,114
Special Education	149,470	0	789,425	789,425	149,470	0	149,470	149,470
Vocational Education	13,441	0	141,078	132,782	21,737	0	21,737	21,737
Special Education Cooperative	516,536	52	2,129,727	2,249,894	396,421	4,734	401,155	401,155
KPERS Contribution	0	0	370,871	370,871	0	0	0	0
Federal Funds	19,522	0	516,195	535,701	16	2,820	2,836	2,836
Gifts and Grants	127,608	0	8,080	11,042	124,646	382	125,028	125,028
Contingency Reserve	177,385	0	0	0	177,385	0	177,385	177,385
Textbook and Student Material								
Revolving	37,930	13	12,858	14,995	35,806	6,580	42,386	42,386
District Activity Funds	7,318	0	28,931	29,415	6,834	0	6,834	6,834
	<u>\$ 2,253,094</u>	<u>\$ 0</u>	<u>\$ 8,648,201</u>	<u>\$ 8,882,178</u>	<u>\$ 2,019,753</u>	<u>\$ 87,504</u>	<u>\$ 2,107,257</u>	<u>\$ 2,107,257</u>

Composition of Cash:

Checking Accounts	\$ 823,636
Savings Accounts	798,543
Certificates of Deposit	505,000
Agency Funds	2,127,179
	(19,922)
	<u>\$ 2,107,257</u>

The notes to the financial statement are an integral part of this statement.

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2014

Note 1 - Summary of Significant Accounting Policies:

Financial Reporting Entity

West Elk Unified School District No. 282 is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Howard, Severy and Moline, Kansas. The District is governed by an elected seven-member Board of Education. The District's financial statement includes all funds over which the Board of Education exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

The District serves as the sponsoring District for a Special Education Cooperative (Coop). The Coop includes the District plus two additional districts. Funds for the Coop are provided by assessments from the participating districts in addition to State and Federal grants. The Coop is presented as a budgeted special purpose fund within the District.

KMAAG Regulatory Basis of Presentation Fund Definitions:

General Fund-The primary operating fund. Used to account for all unrestricted resources except those required to be accounted for in another fund.

Special Purpose Funds-To account for the proceeds of specific receipts (other than major capital projects) that are restricted by law or administrative action to expenditure for specific purposes.

Agency Funds-To account for resources held in a trustee or agency capacity for others which therefore cannot be used to support the government's own programs.

Regulatory Basis of Accounting and Departure from Accounting Principles Generally accepted in the United States of America

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of accounting principles generally accepted in the United States of America and allowing the municipality to use the regulatory basis of accounting.

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2014

Budget and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), and debt service funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There was one amendment for the year ended June 30, 2014.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose funds:

Federal Funds
Contingency Reserve Fund
Textbook and Student Material Revolving Fund

Gifts and Grants Fund
District Activity Funds

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2014

Note 2 - Compensated Absences:

All permanent full-time employees are eligible for vacation and/or sick leave benefits in varying annual amounts depending on position and length of service.

It is the policy of the District to record vacation and sick leave benefits as expenditures when paid.

Note 3 - Deposits:

K.S.A. 9-1401 establishes the depositories which may be used by the Government. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2014.

At June 30, 2014, the District's carrying amount of deposits was \$2,127,179 and the bank balance was \$2,154,782. The bank balance is held by four banks. Of the bank balance, \$842,842 was covered by depository insurance, and the remaining \$1,311,940 was collateralized with securities held by the pledging financial institution's agent in the District's name.

Note 4 - On-Behalf Payments for Fringe Benefits and Salaries:

The District recognizes as revenues and expenses contributions made by the State of Kansas to the Kansas Public Employees Retirement System (KPERS) on behalf of the District's employees. For the year ended June 30, 2014, the State made contributions of \$370,871. These contributions are recorded in the KPERS Contribution Fund as receipts and expenditures.

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2014

Note 5 - Postemployment Benefits:

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in the financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

Note 6 - Contingencies:

Grant Programs

The District participates in various federal and state grant programs. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not materially exceeded commercial insurance coverage in any of the past three years.

Note 7 - Interfund Transactions:

Operating transfers in accordance with K.S.A. 72-7063 were as follows:

	Transfer to:							Total
	At Risk (4 Year Old)	At Risk (K-12)	Capital Outlay	Drivers Training	Food Service	Special Education	Vocational Education	
Transfer from:								
General Fund	\$ 11,514	\$ 339,279	\$ 140,843	\$ 2,000	\$ 1,713	\$ 610,487	\$ 134,882	\$ 1,240,718
Supplemental								
General Fund	0	0	0	0	0	178,938	0	178,938
	<u>\$ 11,514</u>	<u>\$ 339,279</u>	<u>\$ 140,843</u>	<u>\$ 2,000</u>	<u>\$ 1,713</u>	<u>\$ 789,425</u>	<u>\$ 134,882</u>	<u>\$ 1,419,656</u>

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2014

Note 8 - Reimbursed Expenses:

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

Note 9 - Defined Benefit Pension Plan:

Plan Description

The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer, defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas Ave., Suite 100, Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at a minimum of 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas contributed 11.12% of covered payroll for the year ended June 30, 2014. These contribution requirements are established by KPERS and are periodically revised. Kansas contributions to KPERS for all Kansas public school employees for the years ending June 30, 2014, 2013 and 2012 were \$361,575,393, \$323,067,803 and \$298,635,383 respectively, equal to the required contributions for each year.

Note 10 - Subsequent Events:

The District has evaluated subsequent events through November 3, 2014, the date which the financial statement was available to be issued

**REGULATORY REQUIRED
SUPPLEMENTARY INFORMATION**

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

Fund	Certified Budget	Adjustment to		Adjustment for	Total Budget for	Expenditures		Variance - Over
		Comply with	Legal Max	Qualifying		Chargeable to	Current Year	
	\$			Budget Credits	Comparison			(Under)
General Fund	\$ 3,047,756	\$	(37,996)	0	\$ 3,009,760	\$	3,001,412	\$ (8,348)
Special Purpose Funds								
Supplemental General	928,589	0	0	0	928,589		928,589	0
At Risk (4 Year Old)	21,109	0	0	0	21,109		11,514	(9,595)
At Risk (K-12)	393,823	0	0	0	393,823		393,823	0
Capital Outlay	1,027,562	0	0	0	1,027,562		215,376	(812,186)
Driver Training	6,035	0	0	0	6,035		5,268	(767)
Food Service	257,850	0	0	0	257,850		192,071	(65,779)
Special Education	873,762	0	0	0	873,762		789,425	(84,337)
Vocational Education	143,442	0	0	0	143,442		132,782	(10,660)
Special Education Cooperative	2,591,704	0	0	0	2,591,704		2,249,894	(341,810)
KPERS Contribution	396,420	0	0	0	396,420		370,871	(25,549)
Federal Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX		535,701	XXXXXXXXXX
Gifts and Grants	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX		11,042	XXXXXXXXXX
Contingency Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX		0	XXXXXXXXXX
Textbook and Student Material	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX			
Revolving	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX		14,995	XXXXXXXXXX
District Activity Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX		29,415	XXXXXXXXXX
	\$ 9,688,052	\$ (37,996)		0	\$ 9,650,056	\$	8,882,178	\$ (1,359,031)

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>General Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 346,560	\$ 285,808	\$ 338,661	\$ (52,853)
County Sources	516	42	0	42
State Sources	2,584,604	2,714,995	2,709,090	5,905
	<u>2,931,680</u>	<u>3,000,845</u>	<u>\$ 3,047,751</u>	<u>\$ (46,906)</u>
Expenditures				
Instruction	879,218	836,047	\$ 601,299	\$ 234,748
Student Support Services	3,281	11,232	48,900	(37,668)
Instructional Support Staff	8,797	11,040	9,500	1,540
General Administration	161,889	148,498	158,400	(9,902)
School Administration	201,193	201,641	194,600	7,041
Operations & Maintenance	263,864	252,628	277,900	(25,272)
Student Transportation Services	298,725	299,608	544,780	(245,172)
Transfers	1,116,839	1,240,718	1,212,377	28,341
Adjustment to Comply with Legal Max	0	0	(37,996)	37,996
	<u>2,933,806</u>	<u>3,001,412</u>	<u>\$ 3,009,760</u>	<u>\$ (8,348)</u>
Receipts Over (Under) Expenditures	(2,126)	(567)		
Unencumbered Cash, Beginning	2,131	5		
Prior Year Canceled Encumbrances	<u>0</u>	<u>562</u>		
Unencumbered Cash, Ending	<u>\$ 5</u>	<u>\$ 0</u>		

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Supplemental General Fund</u>	<u>Current Year</u>		<u>Variance -</u> <u>Over (Under)</u>
	<u>Prior Year</u> <u>Actual</u>	<u>Actual</u> <u>Budget</u>	
Cash Receipts			
Local Sources	\$ 502,793	\$ 537,998	\$ 515,531
County Sources	81,240	78,594	73,897
State Sources	348,447	309,865	304,785
	<u>932,480</u>	<u>926,457</u>	<u>\$ 894,213</u>
Expenditures			
Instruction	661,605	684,619	\$ 653,589
General Administration	46,526	0	0
Operations & Maintenance	0	65,032	0
Transfers	224,369	178,938	275,000
	<u>932,500</u>	<u>928,589</u>	<u>\$ 928,589</u>
Receipts Over (Under) Expenditures	(20)	(2,132)	
Unencumbered Cash, Beginning	34,035	34,376	
Prior Year Canceled Encumbrances	<u>361</u>	<u>9</u>	
Unencumbered Cash, Ending	<u>\$ 34,376</u>	<u>\$ 32,253</u>	

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2014

(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>At Risk Fund (4Year Old)</u>	<u>Current Year</u>		<u>Variance - Over (Under)</u>
	<u>Prior Year Actual</u>	<u>Actual Budget</u>	
Cash Receipts			
Transfers	\$ 21,109	\$ 11,514 \$ 21,109	\$ (9,595)
	<u>21,109</u>	<u>11,514 21,109</u>	<u>(9,595)</u>
Expenditures			
Instruction	15,894	11,514 \$ 16,010	\$ (4,496)
Operations & Maintenance	2,115	0 1,999	(1,999)
Student Transportation Services	3,100	0 3,100	(3,100)
	<u>21,109</u>	<u>11,514 21,109</u>	<u>(9,595)</u>
Receipts Over (Under) Expenditures	0	0	
Unencumbered Cash, Beginning	0	0	
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>	
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>	

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2014

(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>At Risk Fund (K-12)</u>	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers	\$ 277,871	\$ 339,279	\$ 317,000	\$ 22,279
	<u>277,871</u>	<u>339,279</u>	<u>317,000</u>	<u>22,279</u>
Expenditures				
Instruction	277,871	393,823	\$ 393,823	\$ 0
	<u>277,871</u>	<u>393,823</u>	<u>\$ 393,823</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0	(54,544)		
Unencumbered Cash, Beginning	76,823	76,823		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 76,823</u>	<u>\$ 22,279</u>		

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2014

(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Capital Outlay Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 24,768	\$ 30,595	\$ 6,000	\$ 24,595
County Sources	4,594	0	0	0
Federal Sources	8,029	8,923	0	8,923
Transfers	60,000	140,843	50,000	90,843
	<u>97,391</u>	<u>180,361</u>	<u>\$ 56,000</u>	<u>\$ 124,361</u>
Expenditures				
Instruction	0	0	\$ 150,000	\$ (150,000)
General Administration	0	0	60,000	(60,000)
Transportation	0	200,056	100,000	100,056
Facility Acquisition & Construction Services	22,820	15,320	717,562	(702,242)
	<u>22,820</u>	<u>215,376</u>	<u>\$ 1,027,562</u>	<u>\$ (812,186)</u>
Receipts Over (Under) Expenditures	74,571	(35,015)		
Unencumbered Cash, Beginning	946,992	1,021,563		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 1,021,563</u>	<u>\$ 986,548</u>		

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2014

(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Driver Training Fund</u>	<u>Current Year</u>		Variance - Over (Under)
	Prior Year Actual	Actual Budget	
Cash Receipts			
Local Sources	\$ 1,250	\$ 832 \$ 1,250	\$ (418)
State Sources	2,325	1,955 2,875	(920)
Transfers	2,000	2,000 2,000	0
	<u>5,575</u>	<u>4,787</u> <u>\$ 6,125</u>	<u>\$ (1,338)</u>
Expenditures			
Instruction	4,480	5,228 \$ 4,935	\$ 293
Operations & Maintenance	0	40 1,100	(1,060)
	<u>4,480</u>	<u>5,268</u> <u>\$ 6,035</u>	<u>\$ (767)</u>
Receipts Over (Under) Expenditures	1,095	(481)	
Unencumbered Cash, Beginning	4,049	5,144	
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>	
Unencumbered Cash, Ending	<u>\$ 5,144</u>	<u>\$ 4,663</u>	

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2014

(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Food Service Fund</u>	<u>Current Year</u>		Variance - Over (Under)
	Prior Year Actual	Actual Budget	
Cash Receipts			
Local Sources	\$ 56,321	\$ 53,302 \$ 49,929	\$ 3,373
State Sources	1,958	2,074 1,692	382
Federal Sources	114,614	130,704 105,649	25,055
Transfers	18,500	1,713 50,000	(48,287)
	<u>191,393</u>	<u>187,793</u> <u>\$ 207,270</u>	<u>\$ (19,477)</u>
Expenditures			
Operations & Maintenance	522	522 \$ 1,100	\$ (578)
Food Service Operations	196,294	191,549 256,750	(65,201)
	<u>196,816</u>	<u>192,071</u> <u>\$ 257,850</u>	<u>\$ (65,779)</u>
Receipts Over (Under) Expenditures	(5,423)	(4,278)	
Unencumbered Cash, Beginning	71,396	65,973	
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>	
Unencumbered Cash, Ending	<u>\$ 65,973</u>	<u>\$ 61,695</u>	

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2014

(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Special Education Fund</u>	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers	\$ 831,728	\$ 789,425	\$ 869,292	\$ (79,867)
	<u>831,728</u>	<u>789,425</u>	<u>\$ 869,292</u>	<u>\$ (79,867)</u>
Expenditures				
Instruction	782,258	789,425	\$ 873,762	\$ (84,337)
	<u>782,258</u>	<u>789,425</u>	<u>\$ 873,762</u>	<u>\$ (84,337)</u>
Receipts Over (Under) Expenditures	49,470	0		
Unencumbered Cash, Beginning	100,000	149,470		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 149,470</u>	<u>\$ 149,470</u>		

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Vocational Education Fund</u>	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Federal Sources	\$ 3,274	\$ 6,196	\$ 0	\$ 6,196
Transfers	130,000	134,882	130,000	4,882
	<u>133,274</u>	<u>141,078</u>	<u>\$ 130,000</u>	<u>\$ 11,078</u>
Expenditures				
Instruction	128,550	132,566	\$ 140,063	\$ (7,497)
Student Support Services	1,035	216	500	(284)
Operations & Maintenance	0	0	2,879	(2,879)
	<u>129,585</u>	<u>132,782</u>	<u>\$ 143,442</u>	<u>\$ (10,660)</u>
Receipts Over (Under) Expenditures	3,689	8,296		
Unencumbered Cash, Beginning	9,399	13,441		
Prior Year Canceled Encumbrances	<u>353</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 13,441</u>	<u>\$ 21,737</u>		

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Special Education Cooperative Fund</u>	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources	\$ 1,661,751	\$ 1,780,802	\$ 1,480,769	\$ 300,033
Federal Sources	358,042	348,925	594,442	(245,517)
	<u>2,019,793</u>	<u>2,129,727</u>	<u>\$ 2,075,211</u>	<u>\$ 54,516</u>
Expenditures				
Instruction	1,904,939	1,913,204	\$ 2,290,560	\$ (377,356)
Student Support Services	89,016	117,713	93,500	24,213
Instructional Support Staff	7,955	6,813	10,500	(3,687)
Special Area Admin. Services	1,787	2,506	2,000	506
School Administration	129,481	133,293	134,500	(1,207)
Operations & Maintenance	10,029	13,166	12,500	666
Student Transportation Services	42,918	63,199	47,644	15,555
Other Supplemental Services	0	0	500	(500)
	<u>2,186,125</u>	<u>2,249,894</u>	<u>\$ 2,591,704</u>	<u>\$ (341,810)</u>
Receipts Over (Under) Expenditures	(166,332)	(120,167)		
Unencumbered Cash, Beginning	682,825	516,536		
Prior Year Canceled Encumbrances	<u>43</u>	<u>52</u>		
Unencumbered Cash, Ending	<u>\$ 516,536</u>	<u>\$ 396,421</u>		

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2014

(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>KPERS Contribution Fund</u>	Current Year			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
State Sources	\$ 357,135	\$ 370,871	\$ 396,420	\$ (25,549)
	<u>357,135</u>	<u>370,871</u>	<u>\$ 396,420</u>	<u>\$ (25,549)</u>
Expenditures				
Instruction	267,146	299,607	\$ 296,533	\$ 3,074
Student Support Services	630	0	699	(699)
General Administration	9,350	5,095	10,379	(5,284)
School Administration	36,900	29,083	40,959	(11,876)
Other Supplemental Services	4,487	3,133	4,980	(1,847)
Operations and Maintenance	16,819	11,086	18,669	(7,583)
Student Transportation Services	14,582	16,164	16,186	(22)
Food Service Operations	7,221	6,703	8,015	(1,312)
	<u>357,135</u>	<u>370,871</u>	<u>\$ 396,420</u>	<u>\$ (25,549)</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Federal Funds</u>		
	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources	\$ 339,661	\$ 516,195
	<u>339,661</u>	<u>516,195</u>
Expenditures		
Instruction	313,033	531,262
Student Support Services	7,106	4,439
	<u>320,139</u>	<u>535,701</u>
Receipts Over (Under) Expenditures	19,522	(19,506)
Unencumbered Cash, Beginning	0	19,522
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 19,522</u>	<u>\$ 16</u>

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

Gifts and Grants Funds

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 1,224	\$ 3,115
State Sources	2,500	4,965
	<u>3,724</u>	<u>8,080</u>
Expenditures		
Instruction	12,492	11,042
	<u>12,492</u>	<u>11,042</u>
Receipts Over (Under) Expenditures	(8,768)	(2,962)
Unencumbered Cash, Beginning	136,376	127,608
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 127,608</u>	<u>\$ 124,646</u>

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

<u>Contingency Reserve Fund</u>		
	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers	\$ 0	\$ 0
	<u>0</u>	<u>0</u>
Expenditures	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	177,385	177,385
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 177,385</u>	<u>\$ 177,385</u>

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Actual Totals for the Prior Year Ended June 30, 2013)

Textbook and Student Material Revolving Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 12,074	\$ 12,858
	<u>12,074</u>	<u>12,858</u>
Expenditures		
Instruction	<u>7,083</u>	<u>14,995</u>
	<u>7,083</u>	<u>14,995</u>
Receipts Over (Under) Expenditures	4,991	(2,137)
Unencumbered Cash, Beginning	32,939	37,930
Prior Year Canceled Encumbrances	<u>0</u>	<u>13</u>
Unencumbered Cash, Ending	<u>\$ 37,930</u>	<u>\$ 35,806</u>

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	Beginning		Cash	Ending Cash
	Cash Balance	Cash Receipts	Disbursements	Balance
West Elk Junior/Senior High School				
Senior Class	\$ 62	\$ 17,525	\$ 17,587	\$ 0
Junior Class	5,053	6,578	9,396	2,235
Sophomore Class	99	260	99	260
Freshman Class	260	65	260	65
FFA	7,025	18,111	17,838	7,298
FBLA	264	683	683	264
Skills USA	242	1,839	1,834	247
FCCLA	683	9,476	9,445	714
Drama	5,233	1,596	1,473	5,356
STUCO	2,756	3,883	4,910	1,729
Jr. High STUCO	101	0	0	101
NHS	245	487	478	254
Concessions	135	25,373	25,468	40
Jr. High Cheerleaders	389	0	269	120
Spirit Club	75	1,437	1,159	353
Band Council	613	0	0	613
Choir Council	230	0	0	230
Sales Tax	0	3,471	3,428	43
	<u>\$ 23,465</u>	<u>\$ 90,784</u>	<u>\$ 94,327</u>	<u>\$ 19,922</u>

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
DISTRICT ACTIVITY FUNDS
SCHEDULE OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add		Ending Cash Balance
						Encumbrances	and Accounts Payable	
West Elk Junior/Senior High School								
Athletics	\$ 2,317	\$ 0	\$ 23,705	\$ 24,046	\$ 1,976	\$ 0	\$ 0	\$ 1,976
Operations	65	0	288	288	65	0	0	65
Interest	764	0	21	0	785	0	0	785
Yearbook	4,172	0	4,917	5,081	4,008	0	0	4,008
	<u>\$ 7,318</u>	<u>\$ 0</u>	<u>\$ 28,931</u>	<u>\$ 29,415</u>	<u>\$ 6,834</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,834</u>

FEDERAL AWARD INFORMATION



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITORS' REPORT

**Board of Education
West Elk Unified School District No. 282
Howard, Kansas**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of **West Elk Unified School District No. 282, Howard, Kansas**, as of and for the year ended **June 30, 2014**, and the related notes to the financial statement, which collectively comprise **West Elk Unified School District No. 282, Howard, Kansas'** basic financial statement, and have issued our report thereon dated November 3, 2014. In our report, our opinion on the financial statement was unqualified based on the prescribed basis of accounting that demonstrates compliance with the *Kansas Municipal Audit and Accounting Guide* which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered **West Elk Unified School District No. 282, Howard, Kansas'** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of **West Elk Unified School District No. 282, Howard, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **West Elk Unified School District No. 282, Howard, Kansas'** internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Board of Education
West Elk Unified School District No. 282**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **West Elk Unified School District No. 282, Howard, Kansas'** financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Busby Ford & Reimer, LLC

Busby Ford & Reimer, LLC
November 3, 2014



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITORS' REPORT

Board of Education

West Elk Unified School District No. 282

Howard, Kansas

Report on Compliance for Each Major Federal Program

We have audited **West Elk Unified School District No. 282, Howard, Kansas'** compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of **West Elk Unified School District No. 282, Howard, Kansas'** major federal programs for the year ended **June 30, 2014**. **West Elk Unified School District No. 282, Howard, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **West Elk Unified School District No. 282, Howard, Kansas'** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **West Elk Unified School District No. 282, Howard, Kansas'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **West Elk Unified School District No. 282, Howard, Kansas'** compliance.

**Board of Education
West Elk Unified School District No. 282**

Opinion on Each Major Federal Program

In our opinion, **West Elk Unified School District No. 282, Howard, Kansas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended **June 30, 2014**.

Report on Internal Control Over Compliance

Management of **West Elk Unified School District No. 282, Howard, Kansas** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **West Elk Unified School District No. 282, Howard, Kansas'** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **West Elk Unified School District No. 282, Howard, Kansas'** internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Busby Ford & Reimer, LLC

Busby Ford & Reimer, LLC
November 3, 2014

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Grant Title	Federal CFDA No.	Program Amount	Unencumbered Cash 7-1-13	Receipts	Expenditures	Unencumbered Cash 6-30-14
Department of Education						
Indian Education Grants to Local Educational Agencies	84.060	\$ 7,218	\$ 0	\$ 7,218	\$ 7,218	\$ 0
Fund for the Improvement of Education	84.215	411,565	19,522	383,307	402,813	16
Rural Education	84.358	4,439	0	4,439	4,439	0
		<u>423,222</u>	<u>19,522</u>	<u>394,964</u>	<u>414,470</u>	<u>16</u>
(Passes Through Kansas Department of Education)						
Department of Agriculture						
Child Nutrition Cluster-Cluster						
School Breakfast Program	10.553	38,754				
National School Lunch Program	10.555	91,950				
		<u>130,704</u>				
		1,482				
Child and Adult Care Food Program	10.558	<u>132,186</u>	0	132,186	132,186	0
Department of Education						
Title I, Part A Cluster-Cluster						
Title I Grants to Local Educational Agencies	84.010	92,867	0	92,867	92,867	0
Career and Technical Education-Basic Grants to States	84.048	2,500	0	2,500	2,500	0
Special Education Cluster (IDEA)-Cluster						
Special Education Grants to States	84.027	248,580	0	248,580	248,580	0
Special Education Preschool Grants	84.173	25,498	0	25,498	25,498	0
		<u>274,078</u>	0	274,078	274,078	0
Improving Teacher Quality State Grants	84.367	28,364	0	28,364	28,364	0
		<u>397,809</u>	0	397,809	397,809	0
(Passes Through Kansas SRS)						
Department of Health and Human Services						
Medicaid-Cluster						
Medical Assistance Program	93.778	8,923	0	8,923	8,923	0
(Passes Through Southeast Kansas Education Service Center)						
Department of Education						
Career and Technical Education-Basic Grants to States	84.048	3,696	0	3,696	3,696	0
Department of Health and Human Services						
Medicaid-Cluster						
Medical Assistance Program	93.778	73,365	0	73,365	73,365	0
Total Federal Awards		<u>\$ 1,039,201</u>	<u>\$ 19,522</u>	<u>\$ 1,010,943</u>	<u>\$ 1,030,449</u>	<u>\$ 16</u>

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **West Elk Unified School District No. 282, Howard, Kansas**, and is prepared on the basis of accounting as described in Note 1 of the notes to the financial statement. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

**WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unqualified opinion on the financial statement of **West Elk Unified School District No. 282, Howard, Kansas**.
2. No significant deficiencies or material weaknesses were reported in the Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statement of **West Elk Unified School District No. 282, Howard, Kansas**, were disclosed during the audit.
4. No significant deficiencies or material weakness were reported in the Report On Compliance For Each Major Program And Report On Internal Control Over Compliance Required By OMB Circular A-133.
5. The independent auditors' report on compliance for the major federal award programs for **West Elk Unified School District No. 282, Howard, Kansas**, expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for **West Elk Unified School District No. 282, Howard, Kansas**.
7. The programs tested as major programs were:

Fund for the Improvement of Education	84.215
Child Nutrition Cluster-Cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. **West Elk Unified School District No. 282, Howard, Kansas**, was determined not to be a low-risk auditee.

**WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

There are no prior audit findings.